

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY FOR THE)	
ESTABLISHMENT OF AN INDUSTRIAL)	CASE NO. 10379
ECONOMIC DEVELOPMENT RATE)	

O R D E R

In its July 1, 1988 Order in Case No. 10064,¹ the Commission stated that certain restrictions on economic development rates ("EDRs") were necessary to ensure the protection of all ratepayers, while still providing Louisville Gas and Electric Company ("LG&E") and other utilities the opportunity to use lower rates to attract industry.² The Commission found that the EDR rider proposed by LG&E in that case was not fully consistent with the Commission's requirements.³ The Commission directed LG&E to withdraw its proposed EDR and refile it in accordance with Commission requirements. Accordingly, on August 12, 1988, LG&E filed a revised EDR tariff and an EDR service contract.

The Commission, having reviewed the revised EDR, the EDR service contract and the guidelines established in Case No. 10064, is of the opinion and finds that LG&E's EDR fails to comply with

¹ Case No. 10064, Adjustment of Gas and Electric Rates of Louisville Gas and Electric Company.

² Id., pages 94-95.

³ Id.

all of its EDR requirements and should be dismissed without prejudice. Specifically, the Commission finds that LG&E's EDR does not satisfy the second part of Requirement No. 2. That section requires that all customer-specific fixed costs associated with adding an EDR customer be recovered from that customer either in an up-front lump-sum payment or as a part of the minimum bill over the life of the EDR contract.

Since LG&E's August 12, 1988 filing, the Commission has reviewed several EDR issues, as well as its own EDR guidelines and requirements. In its Order of February 10, 1989, establishing Administrative Case No. 327,⁴ the Commission found that a complete examination of its policy on EDRs is appropriate and timely. In that Order, the Commission directed LG&E, as well as all other major gas and electric utilities in Kentucky, to respond to questions posed in order to address and delineate the EDR issues. The Commission also stated its intent to continue to review all EDRs now pending before the Commission to determine if they are consistent with the guidelines contained in Case No. 10064. The Order continues,

If a filed tariff and/or contract is not consistent with these guidelines, the Commission will dismiss it without prejudice. The utility will then have the opportunity to either modify the tariff consistent with the guidelines established in Case No. 10064 or file a new tariff⁵ after this administrative case is completed.

⁴ Administrative Case No. 327, An Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities.

⁵ Id., page 3.

Therefore, consistent with the Order in Administrative Case No. 327, the Commission, having dismissed LG&E's EDR without prejudice, is of the opinion and finds that LG&E should have the opportunity to either modify its tariff in accordance with the Order in Case No. 10064 or file a new tariff after Administrative Case No. 327 is completed.

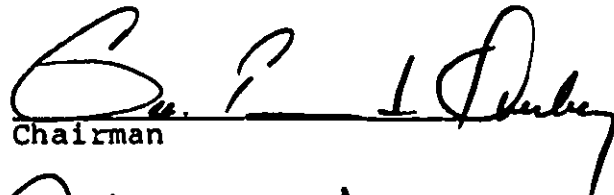
IT IS THEREFORE ORDERED THAT:

1. The revised EDR of LG&E be and it hereby is rejected without prejudice.

2. Within 20 days of the date of this Order, LG&E shall notify the Commission if it intends to modify the tariff in accordance with the Order in Case No. 10064.

Done at Frankfort, Kentucky, this 10th day of February, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director